



Director of
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ISRAEL-SYRIA:**Captured Israelis**

Israel is hoping diplomatic pressure will lead to the release of the three Israelis captured Tuesday in Lebanon, but Syria is unlikely to acquiesce. [redacted]

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Israeli officials are using diplomatic channels to assure Damascus that the Israelis seized are security guards at the Israeli liaison office in Ad Dubbayah. The US Embassy in Tel Aviv reports Israel will ask the International Red Cross to seek a meeting with the Israelis and may ask their help in obtaining the release of the Israeli prisoners. Syrian Foreign Minister Shara told Embassy officers Wednesday that the Lebanese Government will decide the fate of the Israelis.

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Comment: The arrest of the Israelis is politically embarrassing to Israeli Prime Minister Shamir. It will serve to reinforce the already widespread belief in Israel that the Israeli presence in Lebanon is too costly and that withdrawal must occur soon. [redacted]

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Damascus, meanwhile, may hope to use the Israeli prisoners as leverage to demand that the Israelis close their liaison office, which was set up under the now repudiated agreement between Lebanon and Israel. The closure of the office would end any semblance of official Israeli-Lebanese relations. [redacted]

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There have been no Israeli military movements in Lebanon or on the Golan Heights, indicating Tel Aviv is not preparing for military action. The Israelis probably realize that they cannot force Damascus to release the prisoners. [redacted]

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Syria and Israel currently hold six Israeli and 291 Syrian soldiers, respectively. So far, Damascus has rebuffed all offers for an exchange of prisoners. [redacted]

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ANGOLA:

Rumors of Arrests

A power struggle may be under way in Luanda between President dos Santos and rivals loyal to pro-Soviet hardliner Lucio Lara.

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The government, meanwhile, has announced the creation of a defense and security council that will have a broad range of national security functions. It is to be headed by dos Santos and composed of Politburo members with key security positions and members of the General Staff. [REDACTED]

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The council's creation and its membership indicate a further strengthening of the President's powers, which have gradually increased since 1982. The group includes individuals closely associated with dos Santos and apparently excludes individuals linked with the Lara faction. [REDACTED]

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**DOMINICAN
REPUBLIC:****Appeal for Labor Support**

President Jorge Blanco's tactics apparently have caused the labor federations to refrain at least temporarily from calling new demonstrations. [REDACTED]

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The President was conciliatory in a speech on Monday expressing regret about the deaths in the demonstrations last week and announcing several new welfare measures. He also agreed to meet regularly with union leaders. In a session with them on Tuesday, however, he rejected demands to abandon the IMF austerity program, according to the US Embassy. [REDACTED]

The Embassy reports that Jorge remains determined to reach an agreement with the IMF by the middle of the month. Three issues are unresolved—settling of at least \$150 million of overdue foreign debt payments, financing a \$100 million deficit in the operating budget, and shifting imports of petroleum products to a more expensive exchange rate. The Embassy reports the President also has decided to fire Central Bank Governor Bernardo Vega. [REDACTED]

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Comment: The President's speech was an attempt to minimize the damage following his strong remarks last week, in which he blamed the main opposition party for the disturbances. Jorge may have succeeded in maintaining calm in the short term by preventing further violence on May Day and by meeting with the labor leaders. [REDACTED]

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Opposition parties are intimidated by Jorge's willingness to use force, and they seem undecided about their next move. Nonetheless, the austerity program could be jeopardized if members of the ruling party join with the opposition to try to repeal it. [REDACTED]

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Jorge probably will use Vega's dismissal to deflect blame from himself and his party for the effects of the austerity program. An announcement of increases in petroleum prices—probably to become effective by early July—is likely to be timed to avoid the anniversary of the assassination of Trujillo, which falls on 30 May. [REDACTED]

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JORDAN:**King Hussein's Speech**

King Hussein toned down his recently strong anti-US rhetoric in a private briefing of the parliament this week aimed at fostering a more realistic view of Jordan's influence in the Palestinian problem. [redacted]

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Hussein emphasized that Jordan has no alternative to pursuing a mutually acceptable peace settlement with Israel. He stressed that Jordan can never hope for a military balance with Israel. He also warned that a united Arab world will never be able to impose its will on Israel. [redacted]

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Hussein underscored the central role Washington must play in an eventual solution to the Palestinian problem. He said that the US and Israeli elections are delaying movement toward settlement, but he promised to look for opportunities. [redacted]

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PLO leader Arafat arrived in Amman Wednesday and met with Hussein in what one senior Jordanian official described as "a continuation of our reunion process." [redacted]

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Comment: Hussein's speech probably was intended to moderate the tone of parliamentary debates on the Palestinian issue, which had become extremely anti-American since the King's bitter statements last March. He probably wants to lay the groundwork with Washington for postelection peace discussions. [redacted]

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Arafat's visit will arouse public speculation about a dramatic new move in the peace process, but such a development seems unlikely. Arafat is as constrained as ever by internal PLO problems and appears no closer to giving Hussein the mandate he needs than during his previous visit seven weeks ago. [redacted]

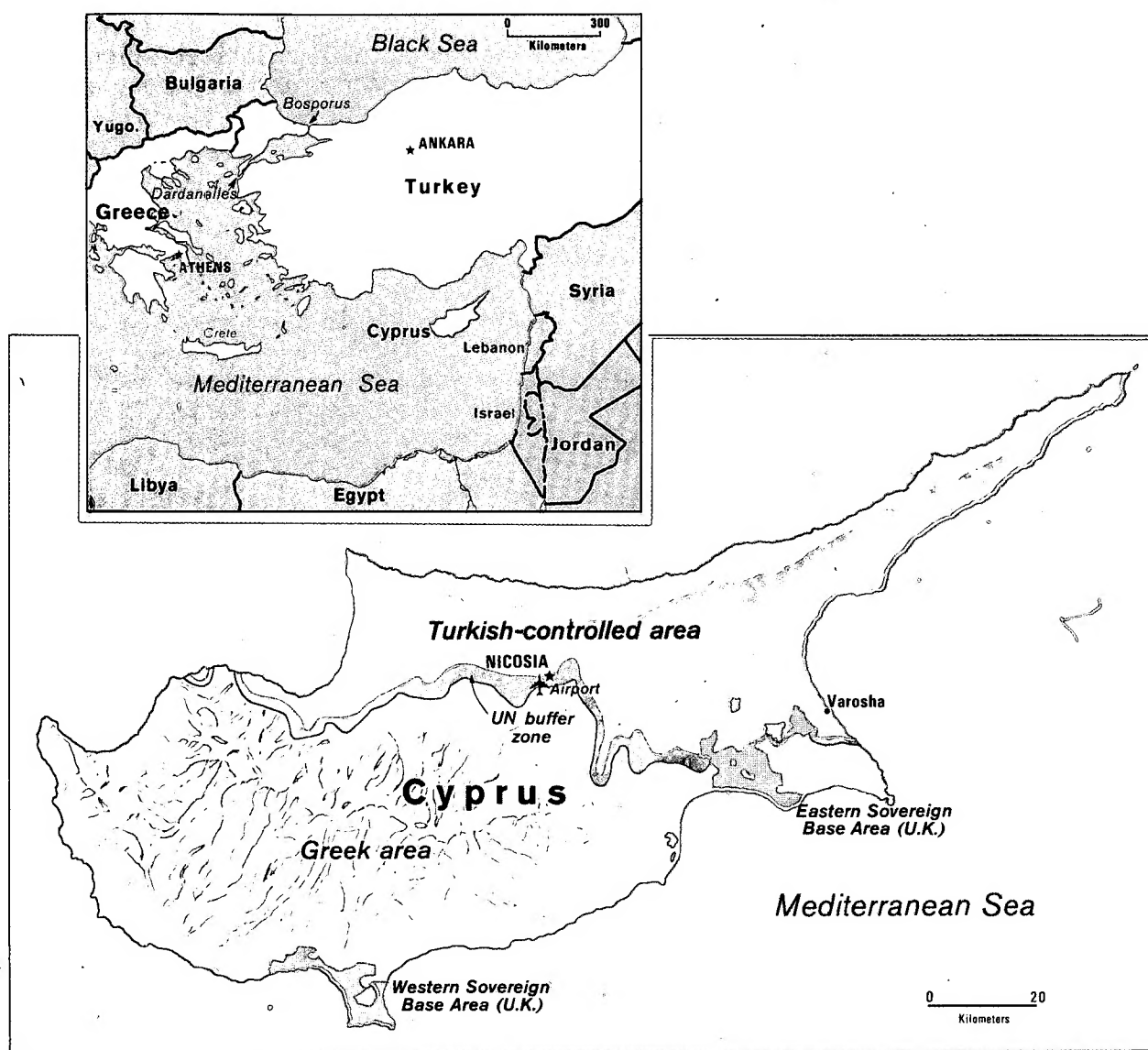
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UN-CYPRUS:

Security Council Debate

The current Security Council debate on Cyprus is likely to damage the already poor prospects for a resolution of the Cyprus problem [redacted]

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The US Mission at the UN says that the Secretary General's report reflects frustration with Turkish and Turkish Cypriot intransigence. He says that he will continue to use his good offices and that he is considering asking the five permanent members of the Security Council to try to break the impasse. [redacted]

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Turkish Cypriot leader Denktash, according to a Turkish newspaper, says that he no longer believes it is possible to establish a reunited federated state in Cyprus. The Turkish Cypriots are prepared to occupy a portion of Varosha and have scheduled dates to vote on a new constitution and a president. [redacted]

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Comment: Ever since the Secretary General's initiative collapsed late last month, attitudes have been hardening on all sides. The Security Council has little prospect of reversing the trend. With the backing of a superior Turkish military force, the Turkish Cypriots have no reason either to surrender a portion of Varosha or to halt the process of state-building in the face of what they believe are unjust Greek and Greek Cypriot demands. [redacted]

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Without agreement on Varosha or on a cessation of Turkish Cypriot efforts to build a state, the Greek Cypriots will continue to try to attract international attention to the issue and reinforce their military position with Greek help. Any substantial reinforcement of their military position almost certainly will lead the Turks to act to maintain military advantage, increasing the chances of armed conflict. [redacted]

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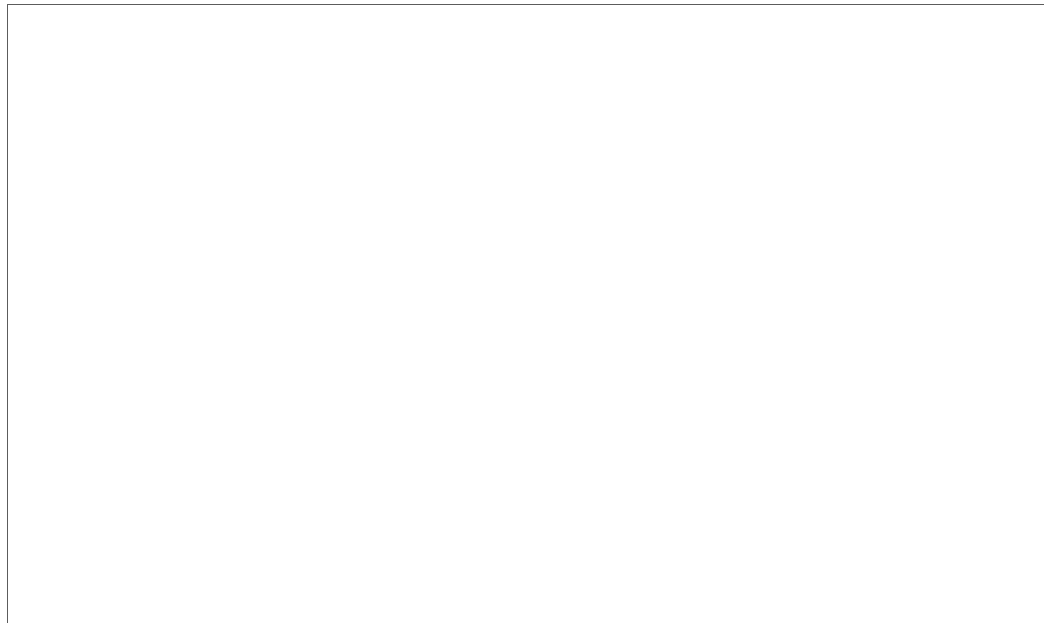
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USSR-US: Military Condemns Verification Proposals

An article in *Pravda* yesterday signed by Major General Yuriy Lebedev, a former adviser to the Soviet INF delegation and a spokesman on arms control issues, sharply criticizes the US position on arms control verification. It claims that the US is using the issue to block further agreements and to put pressure on the USSR to accept a degree of monitoring that would render Soviet armed forces "transparent." Lebedev states that national technical means—supplemented where necessary by notifications, exchanges of quantitative data, assignment of "distinguishing marks," and "other measures"—must be the primary monitoring tools, and he rejects "categorically" US proposals for comprehensive inspection. He defines national technical means as "satellites, radar and other radio systems, seismic stations, and so forth."

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Comment: The article is the most comprehensive Soviet statement on verification to appear recently, and it offers a rare insight into the Soviet definition of national technical means. It is consistent with the views Moscow has expressed on the distinction between verification and espionage since signing SALT I. The article is part of the Soviet effort to discredit US emphasis on stringent verification, while justifying Soviet rejection of US initiatives on chemical weapons and MBFR.

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East Germany-West Germany: Travel Policy

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Some East German Communist party members believe East Berlin will relax restrictions on tourist travel to the West.

Such travel is now restricted largely to pensioners and individuals with family emergencies. Bonn publicly has stated its continued interest in freer intra-German travel and has linked further improvements in bilateral relations to such a "humanitarian" concession.

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Comment: Easing travel restrictions probably would soften public disappointment if the regime ended the current wave of emigration to West Germany. If East Berlin decides to relax restrictions, it will most likely broaden only slightly the age range of East Germans who may visit the West. Any loosening of restrictions also would be well received in West Germany and would spur current bilateral negotiations, including those for another "jumbo loan" guaranteed by Bonn.

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In Brief

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Western Europe

- **Danish** parliament passed relatively mild resolution yesterday on arms control objectives . . . resolution will not hamper Danish cooperation in NATO councils. 
- **West German** Foreign Minister Genscher will focus on arms control issues, including Strategic Defense Initiative, in discussions next week in Washington . . . plans to travel to **USSR** later this month . . . hopes both visits will improve declining domestic fortunes of his Free Democratic Party. 
-  World Peace Council, a **Soviet** front organization, recently proposed encouraging Europe-wide food parcel collection for "starving" Americans . . . **Finnish** student association collecting funds . . . aim is to embarrass US administration in election year. 

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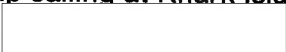
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Middle East

- President Saddam Hussein has publicly acknowledged that **Iraqi** aircraft hit oil tanker last week with Exocet missile . . . also stated that any ship calling at Khark Island subject to attack regardless of ownership. 

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